

NSC BRIEFING
NSA review completed

13 July 1954

DISRUPTION OF SOVIET SHIPPING IN FAR EAST
FOLLOWING SEIZURE OF TUAPSE

1. The Chinese Nationalists still hold the large Soviet tanker TUAPSE at Kaohsiung and intend to keep it there at least until 24 July. They unloaded the ship's kerosene cargo more than two weeks ago and are now interrogating crew members and urging them to defect.
2. Seizure of the TUAPSE following earlier seizures of the Polish vessels PRACA and GOTTWALD has caused a costly disruption of bloc shipments by sea to China.
3. Since the interception of the TUAPSE, no ship with industrial cargo from Communist Europe has attempted to proceed to Chinese Communist ports north of Formosa.
4. Chinese Nationalist interceptions have forced up cargo war-risk insurance rates of British companies from one to five percent of value. Payment of the new rates which became effective on 24 June would obviously increase substantially the cost of bloc goods delivered by sea to China.
5. Three large Soviet tankers have been delayed at Singapore more than two weeks and the sailing plans of three others have been changed. These six ships, together with the TUAPSE, constitute close to one-third of the limited Soviet tonnage of large ocean-going tankers. This tie-up of valuable vessels and cargoes is

costing the USSR both time and money.

6. Since 23 June, thirteen ships of Soviet, Polish and Finnish registry with cargoes for China from the European Satellites have passed the Indian Ocean. The possible piling up of these vessels at Singapore or Djakarta and the expense of holding the Soviet tankers in Singapore any longer puts pressure on the USSR to take action.

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9. There has been no direct indication of Soviet or Chinese Communist plans to provide naval or ~~ax~~ air cover to the group of merchant ships. The USSR has the capability to furnish such protection, but its intentions are far from clear.

10. The initial Soviet note of 24 June protesting the TUAPSE seizure stated that the USSR will be compelled "to take appropriate measures" to safeguard its shipping in the area. But the subsequent note of 2 July omitted this threat and was generally more restrained.

11. The USSR may simply keep these vessels as far as practicable outside of Formosan waters until they have proceeded far enough north toward Vladivostok so that some of the ships can be safely redirected to Northern Chinese ports.

12. The use of such a circuitous route to north China ports would delay shipping schedules by several days.

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14. If submarine escort is planned, the USSR has had ample time to move ocean patrol craft from Vladivostok to rendezvous with the merchant ships south of Formosan waters. It is less likely that the two Soviet submarines recently seen at Tsingtao flying the Chinese Communist flag will be used.

15. Even if no air or naval convoy is provided, the USSR may have made preparations to send out aircraft from Chinese Communist bases

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